



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
FORMER WAYNE COUNTY SHERIFF**

For the Period of January 1, 1999 Through April 12, 1999

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Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Bruce Ramsey, Wayne County Judge/Executive

Honorable James L. Hill, Wayne County Sheriff

Members of the Wayne County Fiscal Court

The enclosed report prepared by Berger & Ross, PLLC, Certified Public Accountants, presents the statement of receipts, disbursements, and excess fees of the former Sheriff James A. Hill of Wayne County, Kentucky, for the period of January 1, 1999 through April 12, 1999.

We engaged Berger & Ross, PLLC, to perform the financial audit of this statement. We worked closely with the firm during our report review process; the resulting audit comports with our reporting format. As part of the audit, Berger & Ross, PLLC, evaluated the Wayne County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Enclosure

EXECUTIVE SUMMARY

**JAMES A. HILL
FORMER WAYNE COUNTY SHERIFF
JANUARY 1, 1999 THROUGH APRIL 12, 1999
FEE AUDIT**

On September 7, 2000, fieldwork was completed on the former Sheriff's fee audit. An unqualified opinion was rendered on the financial statements.

Receipts And Disbursements:

The former Sheriff collected and appropriately distributed \$101,915 for the audited period.

Excess Fees:

The former Sheriff paid \$20,661 to fiscal court as excess fees.

Deposits:

The former Sheriff's office bank deposits were insured or properly collateralized with bank assets during the period.

**AUDIT EXAMINATION OF THE
FORMER WAYNE COUNTY SHERIFF**

For The Period of January 1, 1999 through April 12, 1999

Berger & Ross, PLLC
Certified Public Accountants and Fraud Examiners
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CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1
Statement of Receipts, Disbursements, and Excess Fees	3
Notes to the Financial Statement	6
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance With Government Auditing Standards	9

To the People of Kentucky

Honorable Paul E. Patton, Governor

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Honorable James A. Hill, Former Wayne County Sheriff

Members of the Wayne County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the Sheriff of Wayne County, Kentucky, for the period of January 1, 1999 through April 12, 1999. This financial statement is the responsibility of the former Wayne County Sheriff. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff is required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

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Honorable James A. Hill, Former Wayne County Sheriff

Members of the Wayne County Fiscal Court

(Continued)

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts and disbursements of the former Sheriff for the period of January 1, 1999 through April 12, 1999, in conformity with the basis of accounting described above.

In accordance with Government Auditing Standards, we have also issued a report dated September 7, 2000, on our consideration of the Former Sheriff's compliance with certain laws and regulations and internal control over financial reporting.

A handwritten signature in black ink, appearing to read "Berger & Ross", with a long horizontal flourish extending to the right.

Berger & Ross, PLLC

Audit fieldwork completed -
September 7, 2000

WAYNE COUNTY
FORMER SHERIFF, JAMES A. HILL
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
For the Period of January 1, 1999 through April 12, 1999

Receipts

Federal Payments:

Federal COPS Grant	\$ 6,012	
KLEFPF Grant	<u>6,944</u>	\$ 12,956

State Fees For Services:

Finance And Administrative Cabinet		4,115
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Circuit Court Clerk:

Security Fees	\$ 1,220	
Arrest Fees	1,580	
Restitution Collected	<u>88</u>	2,888

Fiscal Court:

Deputies Salaries	\$ 20,635	
County Fees	<u>1,800</u>	22,435

County Clerk:

Delinquent Taxes		1,069
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Commission on Taxes Collected		14,119
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Sheriff's Fee on Taxes Collected		19,440
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Fees Collected for Services:

Auto Inspections	\$ 1,680	
Transporting Mental Patients	4,315	
Civil Process	3,915	
Accident/Police Reports	<u>86</u>	9,996

State Advancement (See Note 5)		13,600
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The accompanying notes are an integral part of the financial statement.

WAYNE COUNTY
 FORMER SHERIFF, JAMES A. HILL
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 For the Period of January 1, 1999 through April 12, 1999
 (Continued)

Other:

Carrying Concealed Deadly Weapon Permits	\$	480	
Returned Checks Paid		166	
Miscellaneous		<u>125</u>	\$ 771

Interest Earned			<u>526</u>
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Gross Receipts			<u>\$ 101,915</u>
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Disbursements

Operating Disbursements:

Payments to State-			
Carrying Concealed Deadly Weapons Permits	\$		320

Personnel Services:

Deputies' Gross Salaries	\$	43,686	
Part-time Deputy Salary		1,802	
KLEFPF Incentive Pay		6,180	
Employer Benefits - Federal Grant		972	
Employer Share on Retirement - Incentive Pay		<u>527</u>	53,167

Automobile Expenses:

Gasoline	\$	3,687	
Maintenance, Repairs, and Equipment		<u>1,957</u>	5,644

Other:

Advertising	\$	277	
Office Supplies		1,133	
Uniforms & Equipment		237	
Travel		295	
Returned Checks		166	
Telephone		404	
Film & Developing		96	

The accompanying notes are an integral part of the financial statements.

WAYNE COUNTY
 FORMER SHERIFF, JAMES A. HILL
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 For the Period of January 1, 1999 through April 12, 1999
 (Continued)

Other (continued):

Postage	\$	236	
Miscellaneous		<u>24</u>	\$ <u>2,868</u>

Total Disbursements			\$ <u>61,999</u>
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Net Receipts			\$ 39,916
Less: Statutory Maximum			<u>19,255</u>

Excess Fees Due to Fiscal Court:			\$ 20,661
Payment to Fiscal Court - June 24, 1999			<u>20,661</u>

Balance Due at Completion of Audit			<u><u>\$ -</u></u>
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The accompanying notes are an integral part of the financial statements.

WAYNE COUNTY
FORMER SHERIFF, JAMES A. HILL
NOTES TO THE FINANCIAL STATEMENT

April 12, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statements have been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when revenue and the related asset can be associated with corresponding liability due another governmental entity.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentality's, obligations and contracts for future delivery or purchase of obligations back by good faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

WAYNE COUNTY
FORMER SHERIFF, JAMES A. HILL
NOTES TO THE FINANCIAL STATEMENT
April 12, 1999
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS) pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Non-hazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for non-hazardous employees was 7.28 percent.

Benefits fully vest on reaching five years of service for non-hazardous employees. Aspects of benefits for non-hazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement System's annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of April 12, 1999, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

Note 4. Marijuana Eradication Account

The Sheriff maintained a marijuana eradication account for the period of January 1, 1999 through April 12, 1999. The beginning balance was \$2,784. Receipts during the year were \$18 in interest income. There were no disbursements during the year resulting in an ending balance at April 12, 1999 of \$2,802, which was transferred to the incoming Sheriff.

WAYNE COUNTY
FORMER SHERIFF, JAMES A. HILL
NOTES TO THE FINANCIAL STATEMENT
April 12, 1999
(Continued)

Note 5. State Advancement

The state advancement received of \$13,600 was due to be repaid from the commissions earned on the first month of collections for 1999 taxes. The Sheriff died, April 12, 1999, before the 1999 tax collection began. This \$13,600, as well as an additional \$26,400 received by the incoming Sheriff, was repaid on November 10, 1999 and December 8, 1999 in the amount of \$20,446 and \$19,584, respectfully.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Bruce Ramsey, County Judge/ Executive
Honorable James A. Hill, Former Wayne County Sheriff
Members of the Wayne County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the Former Wayne County Sheriff for the period of January 1, 1999 through April 12, 1999, and have issued our report thereon dated September 7, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Former Wayne County Sheriff's financial statement for the period of January 1, 1999 through April 12, 1999, is free of material misstatement, we performed tests of compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Former Wayne County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Bruce Ramsey, County Judge/Executive
Honorable James A. Hill, Former Wayne County Sheriff
Members of the Wayne County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statements Performed In Accordance with Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release, is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Berger & Ross", with a long horizontal flourish extending to the right.

Berger & Ross, PLLC

Audit fieldwork completed –
September 7, 2000

